FD-263 (Rev. 12-19-67)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PITTSBURGH	WASHINGTON FIELD	8/24/72	8/9-22/72

TEF

TITLE OF CASE	REPORT MADE BY	TYPED BY
CONGRESSMAN J. IRVING WHALLEY; [redacted]	THOMAS A. HUGHES	djr

CHARACTER OF CASE

BRIBERY: FRAUD AGAINST THE GOVERNMENT; CONSPIRACY
ACCOUNTING REPORT

b6
b7C

REC-26

REFERENCES

Report of SA THOMAS A. HUGHES dated 8/7/72 at Pittsburgh.
Report of SA JAMES LEO ELDER dated 8/9/72 at Washington Field.

-p-

LEADS

PITTSBURGH

At Pittsburgh, Pa. (Allegheny County)

1. Will complete the review of records made available by BENTON L. BECKER on 8/9/72.

ACCOMPLISHMENTS CLAIMED ☒ NONE						ACQUITTALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☐ YES ☒ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED [signature] SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

46-61693-74 REC 17

ST-117

4 AUG 30 1972

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2-Pittsburgh (46-3004)

Dissemination Record of Attached Report				
Agency	2 AAG	1-USA PITTSBURGH		
Request Recd.				
Date Fwd.				
How Fwd.				WAF
By				9/5/72

Notations

WAF

51 SEP 13 1972 F65

COVER PAGE

GPO : 1971—440-529

FD-350 (Rev. 7-16-63)

(Mount Clipping In Space Below)

Mr. Felt
Mr. Baker
Mr. Bates
Mr. Bishop
Mr. Callahan
Mr. Cleveland
Mr. Conrad
Mr. Dolbey
Mr. Jenkins
Mr. Marshall
Mr. Mohr, E.S.
Mr. Ponder
Mr. Soyars
Mr. Walters
Tele. Room
Mr. Kinley
Mr. Armstrong
Ms. Herwig
Mrs. Neenan

Whalley Voices Surprise

Rep. J. Irving Whalley of Windber said Wednesday that he had been surprised to learn that a federal court had subpoenaed records relating to his congressional office.

In a prepared statement, the Republican congressman said that he voluntarily had made such records available eight months ago to the U.S. attorney's office in Washington, D.C.

The statement was in reply to an announcement by U.S. Attorney Richard Thornburgh in Pittsburgh that financial records belonging to Rep. Whalley had been subpoenaed from the U.S. House of Representatives.

Declines to Comment

Although Mr. Thornburgh declined to comment specifically, it was indicated that the action reflected allegations that the congressman had padded his payroll and had forced kickbacks from aides.

Rep. Whalley said he had been surprised to learn that the subpoenas had been served Tuesday on W. Pat Jennings, clerk of the House, and Rep. Melvin Price, chairman of the House Ethics Committee.

The subpoenas, which originated from the U.S. District Court in Pittsburgh, called for the two to produce the House records relating to administration of Rep. Whalley's congressional office.

"Eight months ago, in January 1972, I presented a written authorization to the U.S. attorney's office in Washington, D.C., authorizing and instructing any record custodian of the House of Representatives to allow a full inspection of any of my congressional records and papers," Rep. Whalley said.

Other Papers Turned Over

"Additionally, I have voluntarily turned over to the government numerous personal papers, including my and my family's personal checking and savings accounts, and all records I had relating to my staff for the past five years.

"I have cooperated and complied with every request for documents made of me. I welcome and encourage a full review of all records given to date, including th[illegible] sought of Mr. Jenn[illegible] and Congressman Pri[illegible]"

(Indicate page, name of newspaper, city and state.)

TRIBUNE-DEMOCRAT
Johnstown PA
page 26

Date: Aug. 17, 1972
Edition:
Author:
Editor:
Title: Congressman J. Irving Whalley; Bribery--FAG-Consp.
Character:
or 46-3004
Classification:
Submitting Office: Pittsburgh
☒ Being Investigated

~~46-3004~~
46-61693

46-61693 -A-
NOT RECORDED
201 AUG 29 1972

57 AUG 31 1972

FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1-USA, Pittsburgh, Pa.
2-USA, Washington, D.C.

Report of: THOMAS A. HUGHES
Date: 8/24/72

Office: PITTSBURGH, PA.

Field Office File #: 46-3004

Bureau File #: 46-61693

Title: CONGRESSMAN J. IRVING WHALLEY; [redacted] b6 b7C

Character: BRIBERY; FRAUD AGAINST THE GOVERNMENT; CONSPIRACY
ACCOUNTING REPORT

Synopsis: EVELYN E. STEWART, surviving spouse of ROBERT D. STEWART, advised Congressman J. IRVING WHALLEY visited her shortly after the newspaper disclosure of an investigation into his Congressional payroll, and asked her if he owed her deceased husband any money. [redacted] in the presence of Attorney BENTON L. BECKER, made a voluntary disclosure to Agents of the FBI regarding her understanding of employment procedures with respect to past and current employees of Congressman J. IRVING WHALLEY, who are on his Congressional payroll. b6 b7C

-P-

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PG 46-3004

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PG 46-3004

DETAILS:

I. Interview of NORMAN ABRAMS

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/15/72

NORMAN B. ABRAM, [redacted] Pennsylvania, telephone [redacted] was placed under oath by THOMAS A. HUGHES, Special Agent, Federal Bureau of Investigation, and advised as follows:

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ABRAM reviewed a two-page transcription outlining the results of his interview with THOMAS A. HUGHES, SA, FBI, on November 2, 1971, and advised that the contents of this transcription were correct.

ABRAM advised that he was hired by Congressman J. IRVING WHALLEY, and that all discussions with regard to salary and reimbursement of expenses incurred were held with Congressman WHALLEY. ABRAM advised he could not recall if he was ever paid in cash by WHALLEY.

ABRAM was displayed the statements, deposit book and deposit slips for the joint account of NORMAN ABRAM and [redacted] at the Citizens National Bank, Windber, Pa., Account Number [redacted] ABRAM advised that he had never seen the deposit book, deposit slips or statements for this account before this interview. ABRAM was displayed checks numbered 101 through 110, all bearing the signatures NORMAN ABRAM and [redacted] ABRAM identified his signature. ABRAM advised he could not recall issuing a check to the Coronet for $98.75, as indicated by Check Number 101. ABRAM advised that he signed some checks in blank form for [redacted] ABRAM advised he did not know the source of funds for deposits made to the joint account. At this point in the interview ABRAM advised he did not wish to be questioned about this matter and the interview with ABRAM was terminated.

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Interviewed on 8/10/72 at [redacted] Pa. File # PG 46-3004

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SA THOMAS A. HUGHES and
SA JOHN J. DONOVAN, JR. TAH/sfe

by Date dictated 8/14/72

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II. Interview of EVELYN E. STEWART

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/15/72

EVELYN K. STEWART [redacted] Pennsylvania, advised that her residence is located in [redacted] Pa. Mrs. STEWART furnished the free and voluntary statement as follows:

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"I Evelyn K. Stewart, being duly sworn, hereby make the following free and voluntary statement to Thomas A. Hughes who had identified himself to me as a Special Agent of the Federal Bureau of Investigation.

"My husband was employed with Congressman J. Irving Whalley in 1968. I believe that I have met Congressman Whalley on only two occasions, once in 1968 when the Congressman came by the house to see my husband and the other occasion was in 1971. This second meeting occurred shortly after the newspapers disclosed that an investigation was being conducted into Mr. Whalley's Congressional payroll. On this particular occasion, Mr. Whalley came to my residence, accompanied by his wife, and asked me if he (Mr. Whalley) owed my husband any money. I responded that my husband's salary and working arrangements were between my husband and Congressman Whalley and I had no knowledge of such affairs. Mr. Whalley seemed relieved at this reply and left. This seemed to be the primary purpose of his visit. This visit was preceeded by 3 telephone calls in approximately one month's period of time in which Congressman Whalley carried on a casual conversation. These telephone calls and the visit of Congressman Whalley and his wife were unusual since I have had no personal association with Congressman Whalley.

"I have read this statement and it is true to the best of my knowledge.

"/s/Evelyn K. Stewart

"Sworn to and subscribed before me on 8/11/72, at [redacted], Thomas A. Hughes, Special Agent, FBI, Pittsburgh."

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Interviewed on 8/11/72 at [redacted] Pa. File # PG 46-304

by SA THOMAS A. HUGHES/sfe Date dictated 8/14/72

5

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Mrs. STEWART advised that she did not have any personal conversation with Congressman WHALLEY regarding the salary or expense arrangements of her husband in his employment with WHALLEY. She advised she recalls her husband coming home and commenting that he received only about $400 of the monthly government check payable to him each in the amount of $1,000. She advised he often commented how he wished he were able to keep all of the money of these monthly checks. Mrs. STEWART advised that from her conversations with her husband, she knows that he had to cash his government check at the Windber offices of Congressman WHALLEY, and had to return approximately $600 of each check for expenses. Mrs. STEWART advised that her husband is now deceased.

III. Interview of EVANDER A. HOLDEN

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/15/72

1

EVANDER A. HOLDEN, [redacted] Pennsylvania, was interviewed at the Somerset County Courthouse, [redacted] b6 b7C

HOLDEN furnished a copy of a note dated February 3, 1968, given to him by [redacted] outlining his salary deductions and the amount to be returned for expenses. HOLDEN advised that as disclosed by this note, his gross salary of $574.79 less deductions of $42.19 left a net salary of $532.60. He advised that the note indicates a net check of $1,017.30 less the net pay due him left an amount of $484.70 to be returned to [redacted] [redacted] on a monthly basis. b6 b7C

Referring to the deposit book for the joint account of HOLDEN and [redacted] at the Citizens National Bank, HOLDEN identified the following deposits as those he believed represented funds returned to [redacted] by him from his monthly salary check: b6 b7C

June 2, 1967 - $266.25.
July 3, 1967 - $292.34.
August 5, 1967 - $292.34.
September 8, 1967 - $352.80.
October 9, 1967 - $352.80.
October 31, 1967 - $300.00.
November 6, 1967 - $52.80.
February 3, 1968 - $409.95.
March 2, 1968 - $484.70.
April 3, 1968 - $484.70.
May 4, 1968 - $484.70.
May 31, 1968 - $484.70.

HOLDEN advised he was uncertain as to the source of funds for the other deposits disclosed in the deposit book.

HOLDEN furnished two adding machine tapes which he described as follows:

Interviewed on 8/10/72 at Somerset, Pa. File # PG 46-3004

SA THOMAS A. HUGHES/sfe 8/14/72

by Date dictated

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The first adding machine tape totaling $1,263.17 represented expenses incurred by him in his employment with Congressman WHALLEY from the period April 13, 1967, to December 31, 1967, which he can substantiate from records contained by him. He stated the second adding machine tape totaling $680.82 represents expenses incurred by him during the period January 1, 1968, through May 31, 1968, in his employment with WHALLEY. HOLDEN advised that while he was reimbursed for these two expenses, the incurrence of these expenses was for the benefit of WHALLEY for whom he was working.

HOLDEN advised that since his last interview with FBI Agents, he recalled an incident in which he purchased a round of drinks for WHALLEY and several of WHALLEY'S friends at the Holiday Inn, Lewistown, Pa. He stated he recalled the cost of these drinks was approximately $4.80 and that he tried to claim this expense for reimbursement from his joint account with [redacted] He stated when WHALLEY saw the expense account WHALLEY stated "I don't allow for that kind of expense on my account." HOLDEN advised that WHALLEY actually referred to the joint account between HOLDEN and [redacted] as his (Congressman WHALLEY'S) account.

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/15/72

1

BENTON L. BECKER was contacted at the Congressional offices of Congressman J. IRVING WHALLEY, 1201 Graham Street, Windber, Pennsylvania, to arrange for an appointment with BECKER for obtaining checking account records being made available to the FBI by BECKER. BECKER was also advised that an interview with [redacted] was contemplated for August 11, 1972, and that he was being notified of this interview pursuant to his request at a previous meeting with the FBI. BECKER advised that he wished to be present during the interview. BECKER was advised that no interview would be conducted of [redacted] under these circumstances, however, Agents of the FBI would accept any voluntary statement made by [redacted] in the presence of an attorney. BECKER advised that he would arrange to have [redacted] make a statement to the FBI, however, he, (BECKER) desired a full disclosure be made regarding any question that has arisen in the FBI investigation. BECKER advised that in the event some questionable area arose in the FBI investigation which was not covered by [redacted] statement to the FBI, he desired that the Agents pursue the questionable area with [redacted] in order that it could be resolved in the interview. BECKER was advised that his wishes would be made known to the U. S. Attorney, however the only matters that would be covered in the meeting with [redacted] would be those voluntarily brought up by [redacted]

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Interviewed on 8/9/72 at Pittsburgh, Pa. File # PG 46-3004

SA THOMAS A. HUGHES/sfc 8/14/72

by Date dictated

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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/22/72

BENTON L. BECKER, Attorney for Congressman J. IRVING WHALLEY, 1201 Graham Avenue, Windber, Pennsylvania, furnished the following records:

1. The check register and cancelled checks for the period January 2, 1970, to December 31, 1971, for the account of [redacted] Account Number [redacted] at the Citizens National Bank in Windber, Pa.

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2. Savings Deposit Certificate Book for Account [redacted] for the account of [redacted] and ANTHONY J. DI GIULIO at the Cambria Savings and Loan Association, Johnstown, Pa.

3. Savings Account Passbook for Account [redacted] at the Cambria Savings and Loan Association in the name of Mrs. [redacted] and Mrs. LAURA DI GIULIO.

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4. Time Deposit Account Passbook for Account [redacted] at the Citizens National Bank, Windber, Pa., in the name of [redacted] or Mrs. LAURA DI GIULIO.

5. Time Deposit Account Passbook for Account [redacted] at the Citizens National Bank, Windber, Pa., in the name of [redacted]

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6. Deposit book statements, deposit slips and cancelled checks for the account of JOHN ZIANTS - [redacted] at the Citizens National Bank, Windber, Pa.

7. Cancelled checks and statements for the account of Congressman WHALLEY at the House of Representatives, with the Sergeant at Arms.

8. Statements, cancelled checks, and deposit slips for the account of J. I. WHALLEY, Account Number 2547886 at the Mellon National Bank and Trust Company.

Interviewed on 8/9/72 at Windber, Pa. File # PG 46-384

by SA THOMAS A. HUGHES/sfe Date dictated 8/16/72

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9. Copy of the Trust Agreement establishing The Whalley Charitable Trust.

10. Bank statements, deposit slips and cancelled checks for account of J. IRVING WHALLEY, Account Number 043305501, at the Citizens National Bank, Windber, Pa.

11. Listing of U. S. Series E Bonds indicating when the bonds were cashed.

12. Listing of Government E Bonds, U. S. Treasury Notes, coupon bonds, savings certificates, tax exempt municipal and Federal bonds, and the condominium interest of J. IRVING WHALLEY reflecting the date when the interests,et cetera were cashed.

13. A two page listing of government coupon bonds held by J. IRVING WHALLEY reflecting anticipated date of maturity.

14. Passbook for the Williamsburg Savings Bank Account 3013973-9 for J. IRVING WHALLEY. b6 b7C

15. Passbook for the Savings Account of IRVING and RUTH WHALLEY, Account [redacted] at the U. S. National Bank, Johnstown, Pa.

16. Passbook for Savings Account [redacted] in the name of J. I. WHALLEY or RUTH WHALLEY at the Mellon National Bank and Trust Company. b6 b7C

17. Passbook for Savings Account 24-0523215 in the name of JOHN WHALLEY at the Pittsburgh National Bank, Pittsburgh, Pa.

18. Passbook for the account in the name of IRVING WHALLEY at the Pittsburgh National Bank, Number 24-0523223.

19. Cancelled statements, checks and deposit slips for the account of RUTH A. WHALLEY at the Citizens National Bank, Windber, Pa.

BECKER was furnished a receipt more specifically identifying the records furnished by him to SAs of the FBI. BECKER advised these records could be reviewed and copied by FBI Agents and either the originals or xerox copies should be returned to [redacted] at Windber, Pa., within two or three weeks. b6 b7C

BECKER advised that with regard to the accounts of [redacted] no deposit slips could be located for these various accounts.

BECKER adivsed with regard to the account of Congressman WHALLEY with the Sergeant at Arms, that two checkbooks were kept for this account, one in Washington, D. C., and one in Windber, Pa., and therefore the numbers on the checks are not in sequence.

BECKER advised that in his conversations with WHALLEY and [redacted] he has learned that there is no such account as Wally Enterprises under their control. He advised they believed this account to be that of a gasoline station with which they have no involvement. BECKER advised that [redacted] and WHALLEY have advised him that there is no such account as [redacted] - Special Account. He advised [redacted] and WHALLEY advised him that the account of FLOYD McCLELLAN was returned to Mr. McCLELLAN and that the records for the account of JAMES PHILLIPS cannot be located. He advised that WHALLEY has advised him there is no account of which [redacted] is a co-signator at the Capitol National Bank, Washington, D. C. BECKER advised that he believed the account of WHALLEY with the Sergeant at Arms, House of Representatives is the account in Washington, D. C., from which expenses have been paid which may have been referred to in any interviews conducted by Agents of the FBI. b6 b7C

BECKER advised that the account of JOHN ZIANTS and [redacted] was in his possession when he first met with Agents of the FBI and he merely forgot to make it available to the Agents. BECKER advised that review of WHALLEY'S account with the Sergeant at Arms will disclose that deposits to this account are made with his salary check, mileage allowances and reimbursements for football tickets. He advised that deposits to the Citizens National Bank Account of WHALLEY were made with funds obtained from the cashing of bonds and interest coupons on investments maintained by WHALLEY. He advised that cash from these investments was placed in a safe by [redacted] and she periodically made deposits to the Citizens National Bank Account. b6 b7C

BECKER advised that JUDY SEESE can verify the cashing of bonds and interest coupons and the returning of the proceeds from these bonds and interest coupons to [redacted] who placed the proceeds in a safe.

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BECKER advised that he is making available the trust agreement establishing the Whalley Charitable Trust to emphasize the irrevocable nature of grants made to this trust by Congressman WHALLEY and to emphasize that a man of Mr. WHALLEY'S wealth would have no reason to become involved in the activity as alleged with regard to salary kickback.

FD-302 (REV 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

(1)

Date of transcription 8/21/72

BENTON L. BECKER, Attorney for Congressman J. IRVING WHALLEY, 1201 Graham Avenue, Windber, Pa., was present during the verbal statement made by [redacted] [redacted] BECKER advised with respect to this particular interview, he was giving [redacted] legal advisement to make a full disclosure regarding her knowledge of joint checking accounts of various employees, former employees of Congressman J. IRVING WHALLEY. b6 b7C

BECKER advised that with regard to the administration of the redemption of various investments of Congressman WHALLEY, that JUDY SEESE can recall about 30 separate occasions of making deposits prior to 1972. He advised that she can recall cashing various items, returning the cash to [redacted] and thereafter making deposits. He advised that since 1972, she can recall making deposits directly with the funds received from the redemption of various interest coupons and the redemption of various bonds. BECKER advised that of the approximate 30 times of which JUDY SEESE has referred to, about 20 times represented situations in which [redacted] would give JUDY SEESE a check payable to cash which SEESE would cash and return the funds to [redacted]. He advised that about 10 of the 30 times represented occasions when the checks payable to cash were deposited directly to the account of Mrs. WHALLEY or some member of the family. b6 b7C

BECKER requested a copy of the Advice of Rights Form which he explained to [redacted] and which he signed as a witness to her waiver of her rights in furnishing her verbal statement to Agents of the Federal Bureau of Investigation. BECKER also requested a copy of any check payable to [redacted] drawn on any account of ANDREW PURCELL. b6 b7C

BECKER advised that it is [redacted] understanding from conversations with Congressman WHALLEY, that funds in the various joint checking accounts were to be used to open future joint accounts of future employees. He advised that when [redacted] closed the various joint accounts and put the money in envelopes, she did not know whose money these funds represented while Congressman WHALLEY kept thinking the funds b6 b7C

Interviewed on 8/10/72 at Windber, Pa. File # Pittsburgh 46-3004

SA THOMAS A. HUGHES/map 8/17/72

by Date dictated

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were being placed in another employee's account.

BECKER advised that he feels the Charitable Trust set up by Congressman WHALLEY is inconsistent with any theory of prosecution regarding the nickel-dime expense account fraud.

FD-302 (REV 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

(1)

Date of transcription 8/21/72

[redacted]

Pa., was contacted at the Congressional Offices of Congressman J. IRVING WHALLEY, 1201 Graham Avenue, Windber, Pa. [redacted] was advised of the identities of the interviewing Agents, that she was being interviewed with regard to her knowledge and/or implication in any salary kickback to Congressman J. IRVING WHALLEY by employees on the Congressman's payroll. [redacted] was advised of her rights as set out on an Interrogation; Advice of Rights Form, and she waived her rights by executing this form. [redacted] was placed under oath by THOMAS A. HUGHES, Special Agent (SA) of the Federal Bureau of Investigation, and in the presence of Attorney BENTON L. BECKER, furnished the following information:

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[redacted] furnished a six page outline of information she wished to disclose to Agents of the Federal Bureau of Investigation and verbally read this outline, which states as follows:

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"INTRODUCTION:

1. Name - [redacted]
2. Address - [redacted] Pa. and I live with my mother and 2 brothers.
3. I am a widow.
4. I have been on the congressional payroll since November 1960.
5. My duties are answering mail, talking to constituents over the phone or who come into the office for information. In many instances help constituents to type letters concerning social security problems, veterans, black lung, roads, etc. Send out pamphlets, etc. take dictation from Mr. Whalley
6. My salary is approx. $16,000.00 a year, at present.

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(1) [redacted] -- Personal Checking Account and Savings Accounts:

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Interviewed on 8/10/72 at Windber, Pa. File # Pittsburgh 46-3004

SA THOMAS A. HUGHES and SA WILLIAM T. HENDON, JR.

by TAH/map Date dictated 8/17/72

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"I have never received any kickbacks, and have never aided Mr. Whalley in getting any from any employees and I have never been asked by Mr. Whalley for any kickbacks. To the best of my knowledge Mr. Whalley has never received any kickbacks or money of any kind.

My checking account and savings accounts contain all of my own earnings.

(From 1967, when I started to receive a fairly good salary, I made it a point to save anywhere from $350.00 to $450.00 a month. From my pay check each month after getting it cashed, I would keep that money in an envelope at home, hoping to get the opportunity to deposit this savings in several banks out of town. Having to work 6 days a week and many Sundays, I never had the chance to open any savings accounts, so my savings accumulated to the approx. $15,000.00 amount which I finally deposited it at the Citizens Bank at the insistence of my Mother because of the many robberies in homes in this area. This I did.)

(2) MR. WHALLEY'S 3 CHECKING ACCOUNTS:

I write checks and sign his name on many documents including the checks with his permission.

A. House of Representatives: There are 2 checkbooks for the checking account at the House of Representatives. One is kept at the Washington Office and one is kept in the district office. This accounts for the different check numbers.

The checks I write are with Mr. Whalley's instructions, and it primarily contain his congressional income.

B. Mellon National Bank & Trust Co.: I write checks and sign checks in this account, with Mr.

"Whalley's permission. The checks in this account are primarily used for 2 purposes, namely, the Internal Revenue Service and the Whalley Charitable Trust.

Deposits in the Mellon account are made by me from sources as shown on the deposit slips.

C. Citizens National Bank: I write checks and sign checks with Mr. Whalley's permission. Mr. Whalley uses this account generally for Windber expenses.

For example, $1,000.00 checks payable to cash for Mrs. Whalley's account.

Pocket money, investments and local expenses.

Deposits into the Citizens National Bank are made by me from the following sources:

Mr. Whalley owns and has owned considerable government bonds, coupon bonds, municipal bonds -- Exhibits #22, #23, #24.

When the coupons are due on this different bonds, I clip them from the bonds and usually ask Judy to take them to the bank to get cashed. She brings the cash back to me and I make a record of them and then put it in an envelope in the safe with other cash.

In 1972, I changed the procedure because I didn't want to keep too much cash around.

At times this cash was put into Mr. Whalley's, Mrs. Whalley's account and [redacted] accounts in periodic amounts. b6 b7C

I would like to note that in December 1972, there will be an additional $59,000 bonds to be cashed.

"The Savings Accounts:

The U. S. National Bank -(Do not remember the initial
Mellon National Bank (deposits in these 2 accounts.
Williamsburg -(I believe check written from
Pittsburgh National Bank (J.I. Whalley checking account
Pittsburgh National Bank (for these 3 books.

(3). MRS. RUTH A. WHALLEY CHECKING ACCOUNT:

Mrs. Whalley has a check book and I have a checkbook. Some of these checks I write and sign her name, with her permission and some she writes.

The checks I write from Mrs. Whalley's account are for bills she incurred and had sent to me for payment.

I deposit the money in this account from the same sources that goes into Mr. Whalley's account at the Citizens National Bank or from cash checks drawn from Mr. Whalley citizens account.

A relationship exists between the C.N.B. $1,000.00 checks payable to Cash and deposits of $1,000.00 in Mrs. Whalley's account.

To the best of my knowledge these are the only sources of deposits.

(4) WHALLEY CHARITABLE TRUST: I.D. #23-7128436:

This trust was created in 1961. (Exhibit #19 - the Trust Agreement).

The checks in the Mellon Bank account from 1965 to 1970, Exhibit #15 and the check record book Exhibit #16 which shows check stubs for 1964 and 1963, totaling from 1963 through 1970 total amount granted by Mr. Whalley in excess of $200,000.

[redacted] also donates to the Trust averaging $25,000.00 per year. b6 b7C

The present balance in this Trust is approx. $534,000 as of June 30, 1972.

"The tax exempt status of this Trust is pending. This Trust is irrevocable.

(5) [redacted] SALARY AND WORK PERFORMED: b6 b7C

I earn approx. $16,000.00 a year, and work about 60 hours a week. I have no specific work for the Whalley Ford Sales.

I believe I am entitled to this salary and in fact more, considering the hours and responsibilities.

I work many evenings and week-ends.

(6) ADMINISTRATION OF THE JOINT ACCOUNTS:

The joint accounts were established at the Congressman's direction for the purpose of double checking work done by the district employee.

The Joint checking accounts worked as follows:

1. The employee and I opened up joint checking accounts at the Citizens National Bank with both signatures required on checks.

2. Employee gave me cash usually early in the month. (The cash amount received might have varied from $100.00 to $300.00 per month).

   a. I deposited all of the cash in the joint account.

   b. The following month employee would produce receipts showing out of pocket expenses incurred in previous month for congressional work

      I would issue a check in that amount payable to the employee or to cash as he desired.

"c. Often from employee accounts, I would pay directly to party from whom employee incurred expense, but had not paid it. For instance, apartment rental in Washington (the Coronet). & Tickets to political functions.

d. On certain occasions Mr. Whalley would deposit his money into employees account.

Example: Van Holden account deposit of May 23, 1967, October 31, 1967, January 11, 1968, February 24, 1968, March 22, 1968, April 3, 1968, April 15, 1968. In these cases checks were drawn from the account for Mr. Whalley or cash to repay him or payment was made from the account and credited it against Mr. Whalley's balance to pay an expense of Mr. Whalley.

They would be check #19, #20, #114 and #168 in part.

a/ Mr. Whalley's purpose was for me to see receipts for past month reflecting for work done before reimbursing employee.

b. Mr. Whalley viewed these accounts, and still does, as expense accounts.

c. When employee terminated, if any money in the account remained, the account would be closed ultimately converted to cash and placed in a large brown envelope with the employees name and the amount attached thereto with paper clip. Coins placed in separate white envelope.

Approx. 8 to 10 months ago all cash was removed from the brown envelope and placed in segregated sealed white envelopes reflecting employee name and amount.

"d. None of this cash was ever used by Mr. Whalley or myself or anyone with possible exception of occasional instances when change was made.

e. No conversion ever occurred.

f. These envelopes containing cash were turned over to Bureau for inspection intact approx. 4 months ago.

g. Approx. 1 month ago in Silver Springs, Maryland I underwent at Mr. Becker's insistance, a lie detector examination on this matter. I am informed by Mr. Becker that my responses were shown to be truthful. My responses then were identical to my statement today.

(7). STATEMENT OF ITEMS TURNED OVER TO F.B.I.

In the past months, at Mr. Whalley's instruction, I had made many items available to the F.B.I. including my personal banking records.

On each occasion where Mr. Whalley or Mr. Becker had requested me to search for records, I have made diligent searches and produced all available to them.

I have no other employee-[redacted] account records that have been produced. b6 b7C

(8). MISCELLANEOUS ITEMS:

1. I have never been romantically involved with Mr. Whalley, nor he with me.

2. I have no memory whatsoever of ever receiving an envelope containing cash, sealed or otherwise from my brother, [redacted] who supposedly received same from Marjorie Glessner. b6 b7C

3. Congressman Whalley is the most charitable man I have ever known but he is a difficult and

"driving employer. He requires exceptionally long hours from his employees, many of whom became unhappy with their employment because of this.

4. Mr. Becker assisted me last evening in the preparation of this statement instructing me only to make a full disclosure of these facts in a truthful manner.

I have done so.

I have no objection to signing this statement but would like to have them prepare it and then I would like to go over it (and perhaps have Mr. Becker look at it).

If it is what I have said, I will sign it."

[redacted] advised that the money, approximately $15,000, which she deposited in her account at Citizens National Bank was previously kept in the top right hand drawer of her dresser in her bedroom. She stated her brothers were aware of the money but she does not think they were cognizant of the amount of money involved. She advised she kept the money in a large red envelope. She stated she does not think her brothers ever saw this particular envelope. She stated she accumulated between $350 and $400 per month in this envelope from cashing her paycheck. She stated she was unable to open up an account at another bank as she wished to do because she was working six days a week and did not find time to do so. She stated she finally gave up at the insistance of her mother and deposited the money in the Citizens National Bank account. b6 b7C

[redacted] advised that she sometimes signs Congressman WHALLEY's name to various checks without identifying that his signature is being placed on a particular check by her. She stated that she does this with Mr. WHALLEY's permission but has no formal power of attorney. b6 b7C

[redacted] advised that she handled the collection of interest and the cashing of various investments in bonds and treasury notes for Congressman WHALLEY. She stated in this regard various treasury notes owned by him have interest coupons

which she would periodically clip and cash at the bank. She stated that she would usually have JUDY SEESE cash the coupons at Citizens National Bank and bring the cash back to her. She stated she [redacted] generally prepared the document and JUDY SESE cashed the check and returned the cash to her which she kept in the office. b6 b7C

[redacted] explained that the American Legion Bonds owned by Congressman WHALLEY were bonds floated by the American Legion for the construction of a building. She stated these bonds may have been cashed at the U. S. National Bank which was formerly known as Windber Trust. [redacted] advised that the bonds, treasury notes and interest coupons for the various investments were kept in the safe in the Congressional Offices of Congressman WHALLEY, Windber, Pa. b6 b7C

[redacted] advised with regard to the investment in the Indian Lake Lodge-Condominium Hotel, that Congressman WHALLEY bought a room. She stated WHALLEY thereafter rented the room out to others. She stated rent from the various occupants was collected by the Condominium and divided among the owners. She stated checks for Congressman WHALLEY's share of the income came to her and she made a list of receipts and cashed the checks. b6 b7C

[redacted] advised that in the list of government coupon bonds furnished to Agents of the Federal Bureau of Investigation by Mr. BECKER, there are notations indicating that some of these bonds have been pledged for collateral with the U. S. Department of Mines on striping mines being purchased by Congressman WHALLEY. She stated the U. S. Bureau of Mines then sends the interest coupons to her which she cashes. She stated that $59,000 in bonds can be cashed in December of 1972. [redacted] advised that the cash received from the various interest coupons and redemption of various securities was returned to the office and kept in the safe by her. She stated she would periodically make deposits to Mr. and Mrs. WHALLEY's checking account from cash kept in this safe. She stated she would deposit money to the account where needed based on purchases Congressman WHALLEY wished to make or expenses that needed to be paid. She stated with regard to deposits made to the Congressman's account at Citizens National Bank, she would take cash from the safe, fill out a deposit slip and send JUDY CEASE to make the deposit. [redacted] advised that in 1972, she changed the procedure and then put cash obtained from collection of interest coupons and redemption of various securities directly into Mr. WHALLEY's b6 b7C

account or the account of some member of the WHALLEY family. She stated she does not hold cash in the safe for any periods of time as she had done in the past.

[redacted] explained that checks numbered 11323, 11346, 11387, and 11438, all in the amount of $5,000, payable to WESLEY A. FYFE, drawn on the account of J. IRVING WHALLEY at the Citizens National Bank, Windber, Pa. Each check issued respectively in December of 1966, 1967, 1968, and 1969, were issued because FYFE watched a coal stripping operation for Congressman WHALLEY which was being worked near FYFE's home. [redacted] advised that the Internal Revenue Auditing Branch is currently questioning whether these amounts should be charged as an expense of the coal company as opposed to an expense of Congressman WHALLEY. b6 b7C

[redacted] advised that on occasion she does some personal work for Congressman WHALLEY while she is actually working during those periods of time in which she is compensated by the congressional payroll. She stated, however, she feels she gives full service for the wages paid to her from the congressional payroll, stating she sometimes works on Sundays and sometimes works on Saturdays and Wednesday evenings. b6 b7C

[redacted] advised that JOHN WHALLEY, RUTH WHALLEY, and Congressman WHALLEY's sister, MARY WHALLEY, contribute to the Charitable Trust Fund of Congressman WHALLEY. She advised also that ELIZABETH FYFE, now deceased, also contributed to the trust fund. She stated that Congressman WHALLEY has advised her that he ultimately intends the money in the trust fund to go for a community building in Windber, Pa., and that he has indicated this to be the purpose of the fund since its very inception. b6 b7C

Referring to Section 6 of her statement entitled, "Administration of the Joint Accounts," that she opened the various joint accounts under the direction of Congressman WHALLEY. [redacted] advised that it is her understanding the joint accounts were opened for control purposes and that she obtained this understanding from Congressman WHALLEY. She stated b6 b7C

Congressman WHALLEY wanted verification for evidence that the employees were performing the work assigned to them by Congressman WHALLEY and that such evidence was available in the form of receipts and expense reports furnished by the employees for reimbursement from the various joint checking accounts. She stated that Congressman WHALLEY reviewed these receipts. She advised Congressman WHALLEY would review these receipts to double-check that the employees were doing work in the field where and when they were supposed to be performing the work. She advised Congressman WHALLEY did not review the deposit book, canceled checks or statements of the various joint checking accounts. She advised that she was the only person who reviewed these account records. [redacted] advised that all of the money deposited in the various joint checking accounts was given to her in cash form. She advised the amount to be placed in the checking account was determined between the respective employees and Congressman WHALLEY. She advised it is her understanding from conversations she witnessed between the various employees and Congressman WHALLEY is that the employee's salary would be agreed upon between the employee and Congressman WHALLEY, that Congressman WHALLEY would estimate the expenses that would be incurred by the employees in the future, and this amount would be added to the salary previously agreed upon. She advised that deduction for taxes, insurance, etc., would be determined both on the amount of the employee's base salary and the amount being allowed for expenses. She stated that she figured the deduction for some employees and does not know who figured the deduction for those employees for whom she did not compute withholding deductions.

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[redacted] advised that when the employees knew they had to submit receipts and expense reports, she feels they were more inclined to perform the work they were directed to perform. She advised the primary purpose of the receipt furnished by the respective employee was for the benefit of Congressman WHALLEY in checking the work performed by the employees. [redacted] acknowledged that prior to the establishment of the system whereby employees would furnish receipts and be reimbursed from various joint checking accounts, they routinely submitted reports outlining the work performed by them. She advised that when the joint account system was established, the employees continued to file reports outlining the work performed by them. She advised that after the employment of LEONARD HOWARD, the expense account system was stopped but the employees continued

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to file reports of the work performed by them.

[redacted] advised that the net amount for expenses agreed upon between the various employees and Congressman WHALLEY was a guideline figure but firmly agreed upon between the employees and Congressman WHALLEY that the amount should be returned. She advised that on some occasions, the employees have returned money as agreed and then having run short of funds, have received an advance on the expense account. She advised that the conversation establishing the respective employee's salary and amounts to be returned for expenses would have occurred in Windber, Pa. She advised that the joint checking accounts were opened so that the employees would have knowledge and access to the accounts. She advised if the employeesmade inquiry, the records for the respective employee's joint checking accounts would be made available, otherwise, the record would not be shown to them. [redacted] advised that she issued checks on the various joint checking accounts at the direction of the employees and at the direction of Congressman WHALLEY. She advised that some expenses were paid upon the direction of Congressman WHALLEY, but with the approval of the employee. She advised that apartment rent is an example of such an expense but she could not itemize any other similar expenses. She advised that on some occasions she issued checks at Congressman WHALLEY's direction and she did not consult the employee for permission to issue such checks. She stated she presumed Congressman WHALLEY would clear such expenses with the employees. [redacted] advised on numerous occasions the checks were signed in blank form by the employees at her request. She stated employees were not in the office every day and Congressman WHALLEY suggested that the checks be signed in blank. She stated this suggestion that the employees sign checks in blank form was generally brought at the initial meeting in which the employee was being considered for employment.

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[redacted] advised that after the employment of LEONARD HOWARD, she discussed with Congressman WHALLEY the amount of work involved in keeping the various joint checking accounts and requested that this system be dropped. She stated Congressman WHALLEY advised that from that point in time foward, the

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employees would take care of their own expenses. She advised that from that point in time forward, the employees would continue to submit the reports outlining the work performed by them.

[redacted] advised that she was present when DANIEL HELSEL was hired by Congressman WHALLEY. She advised although she was present when HELSEL's salary was decided, she could not recall the specifics with regard to salary and the amounts allowed for expenses. She advised that DANIEL HELSEL has displayed receipts to her but she does not know why he showed receipts to her. She advised she kept no joint checking account for DANIEL HELSEL and that he did not return money to her for any such account. She stated that he generally displayed the receipt kept by him for expenses incurred by him when he gave her money to pay his apartment rental in Washington, D. C. She advised that HELSEL was disgruntled over the fact that he had to pay for rent for his apartment in Washington, D. C. b6 b7C

[redacted] advised that she has no memory of any money coming from ANDREW PURCELL and does not recall any check having been issued to her by PURCELL. b6 b7C

[redacted] advised that deposits to the joint checking accounts of two of the former employees of Congressman WHALLEY were made with Congressman WHALLEY's funds. She advised these deposits would have been made with money that came from the office vault, representing interest coupons cashed and bonds cashed. b6 b7C

[redacted] advised that to the best of her recollection, none of the former employees or families of the former employees have ever questioned her or Congressman WHALLEY regarding the money returned for the expense accounts. She advised that no one has ever called her or Congressman WHALLEY, to the best of her knowledge, regarding the payment of taxes on money received and returned for the special joint checking accounts. She advised to the best of her knowledge, all of the employees were aware of checks issued to the Coronet, and that these checks represented rental expenses to them for their apartment in Washington, D. C. She advised that the closing of the various joint checking accounts was her idea. b6 b7C

FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/23/72

A review of the original checking account records for the joint account of JOHN ZIANTS - [redacted] furnished to Special Agents of the FBI on August 9, 1972, by BENTON L. BECKER, Attorney for Congressman J. IRVING WHALLEY, disclosed the following information: b6 b7C

This checking account was opened on December 23, 1967, at the Citizens National Bank, Windber, Pa., and has a current balance as of March 4, 1972, of $66.89.

A review of the deposit slips disclosed the following deposits:

Date	Cash Deposited
12/23/67	$200.00
3/28/68	200.00
1/11/69	200.00
1/16/69	300.00
2/2/70	500.00
6/26/70	500.00
11/2/70	100.00
12/19/70	60.00
1/7/71	60.00
2/11/71	200.00
Total Cash Deposited	$2320.00

A review of the checks drawn on the account disclosed that all are signed JOHN ZIANTS and [redacted] b6 b7C

125 checks are payable to JOHN ZIANTS, totaling $1,697.59; 31 checks are payable to Cash, totaling $387.33; one check is payable to Buterbaugh Hardware for $1.59; one check is payable to the Coronet for $92.50; one check is payable to Eureka Stores Company for $3.16; one check is payable to LEONARD GREEN for $11.00; two checks are payable to NORMAN ABRAM for $27.94; two checks are payable to the Penn Maple Festival for $20.00; one check is payable to the

Interviewed on 8/14-8/18/72 at Pittsburgh, Pa. File # PG 46-3004

by SA THOMAS A. HUGHES/djr Date dictated 8/23/72

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Somerset County Supervisors Association for $10.00; one check is payable to Upper Room for $2.00. The total of the above checks amounts to $2253.11.

All checks payable to JOHN ZIANTS are endorsed JOHN ZIANTS and 12 of these checks are co-endorsed Whalley Ford Sales.

Of the checks payable to Cash, one has no endorsement, two are endorsed JUDY SEESE, four are endorsed JOHN ZIANTS, and 24 are endorsed Whalley Ford Sales.

This account has Account Number [redacted] and has an address of [redacted], Pa. b6 b7C

TPG 46-3004

REPORT
of the

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

To: SAC, Miami (46-4105)

Date: August 3, 1972
FBI File No. 46-61693
Lab. No. D-720720042 LW

Re: CONGRESSMAN J. IRVING WHALLEY;
[redacted]
BRIBERY; FAG; CONSPIRACY

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Specimens received 7/20/72

Q19 Deposit book of the Citizens National Bank, Windber, Pa., bearing the names "Thomas Rhoads" and [redacted]

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Four Deposit slips of the Citizens National Bank, Windber, Pa., in the names "Thomas Rhoads" and "[redacted]" further described as follows:

SPECIMEN	DATE
Q20	10/25/69
Q21	11/1/69
Q22	12/1/69
Q23	1/20/70

SPECIMEN	CHECK #	AMOUNT	DATE	PAYABLE TO	SIGNED	BANK
Q24	1	$10.75	10/25/69	Thomas Rhoads	Thom Rh [redacted]	Citizens National Bank in Windber, Pa.
Q25	2	$5.35	"	"	"	"
Q26	3	$25.90	10/31/69	"	"	"
Q27	4	$92.50	"	Cash	"	"
Q28	5	"	"	"	"	"
Q29	6	$32.95	11/8/69	Thomas Rhoads	"	"
Q30	151	$13.18	11/15/69	"	"	"
Q31	152	$5.00	"	Cash	"	"

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SPECIMEN	CHECK #	AMOUNT	DATE	PAYABLE TO	SIGNED	BANK
Q32	153	$35.85	11/22/69	Thomas Rhoads	Thom Rh [redacted]	Citizens National Bank in Windber, Pa
Q33	154	$12.00	"	United Nations	"	"
Q34	155	$2.00	"	Cash	"	"
Q35	156	$7.70	11/28/69	Thomas Rhoads	"	"
Q36	157	$9.88	12/5/69	"	"	"
Q37	158	$16.13	12/12/69	"	"	"
Q38	159	$7.00	12/17/69	Commercial Management Service United Nations	"	"
Q39	160	$31.09	12/19/69	Thomas Rhoads	"	"
Q40	161	$17.60	12/27/69	Conrad Wholesale Company, Inc.	"	"
Q41	162	$387.04	4/30/71	Cash	"	"

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K2 Nine handwriting sample forms bearing the handwriting of THOMAS L. RHOADS

Result of examination:

Due to the nature of the signatures contained in specimen K2, Thomas L. Rhoads cannot be identified nor eliminated as the writer of any of the questioned signatures or endorsements where they appear in specimens Q19 through Q41.

On August 22, 1972, Assistant U. S. Attorney BLAIR A. GRIFFITH advised that ANDREW J. PIPPON could not be located by the U. S. Marshal in Washington, D.C., and is believed to have moved to New York City. GRIFFITH advised that Attorney GENN, who represents [redacted] requested [redacted] be allowed to appear before a Federal Grand Jury convening at Pittsburgh on [redacted] and this request was granted. GRIFFITH advised [redacted] appeared before the Federal Grand Jury at Pittsburgh [redacted] b3 b6 b7C

[redacted] b3

On [redacted] records subpoenaed from [redacted] which include [redacted] b3 b6 b7C were made available to SA THOMAS A. HUGHES by the Federal Grand Jury at Pittsburgh, Pa.

2. Will review the stationary account of Congressman J. IRVING WHALLEY.

3. Will follow and report results of prosecution in this matter.

ADMINISTRATIVE

Only one Agent was available for the interview of EVELYN E. STEWART on 8/11/72.